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7 UNITED STATES DISTRICT COURT
8 WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 ZUNUM AERO, INC.,

11 Plaintiff,

12 v.

13 THE BOEING COMPANY, et al.,

14 Defendants.

CASE NO. C21-0896JLR

ORDER

15 **I. INTRODUCTION**

16 Before the court is Plaintiff Zunum Aero, Inc.’s (“Zunum”) motion to remand for
17 lack of subject matter jurisdiction. (Mot. (Dkt. # 92); Reply (Dkt. # 110).) Defendants
18 The Boeing Company (“Boeing”) and Boeing HorizonX Ventures, LLC (“HorizonX”)
19 (collectively, “Boeing”) oppose Zunum’s motion to remand. (Resp. (Dkt. # 107).) The

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1 court has considered the parties' submissions, the balance of the record, and the
 2 applicable law. Being fully advised,¹ the court DENIES Zunum's motion.

3 II. BACKGROUND

4 This suit centers on hybrid-electric and electric aircraft technology that Boeing,
 5 former Defendant Safran S.A. ("Safran"), and certain of Safran's affiliates² allegedly
 6 misappropriated from Zunum while falsely assuring Zunum that they would invest in its
 7 technology. (*See* SAC (Dkt. # 60) ¶¶ 1-22.³) Zunum filed this lawsuit against Boeing,
 8 Safran, and certain affiliates of Safran on November 23, 2020, in King County Superior
 9 Court. (State Records (Dkt. # 2) at 7.) Shortly thereafter, Zunum filed its first amended
 10 complaint, in which Zunum brings twelve state law claims, including, in relevant part, a
 11 claim for violation of the Washington Trade Secrets Act ("WTSA"). (*See* FAC (Dkt.
 12 # 1-1) ¶¶ 493-512).

13 On July 2, 2021, after receiving various interrogatory answers from Zunum,
 14 Boeing answered the first amended complaint and asserted a number of counterclaims,
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16 ¹ No party has requested oral argument (*see* Mot.; Resp.), and the court has determined
 17 that oral argument would not be helpful to its disposition of the motions, *see* Local Rules W.D.
 Wash. LCR 7(b)(4).

18 ² These affiliates include Safran Corporate Ventures, S.A.S. ("SCV"), Safran Electrical &
 19 Power, S.A.S. ("SEP"), and Safran Helicopter Engines, SASU ("SHE") (collectively with
 Safran, the "Safran Defendants"). Zunum dismissed its claims against the Safran Defendants in
 October 2021. (*See* Not. (Dkt. # 43).)

20 ³ The court detailed the factual and procedural background of this case in its August 17,
 21 2021, June 13, 2022, and August 12, 2022 orders and does not repeat that background here. (*See*
 22 8/17/21 Order (Dkt. # 36) at 2-5; 6/13/22 Order (Dkt. # 58) at 2-6; 8/12/22 Order (Dkt. # 67) at
 2-7.) Instead, the court discusses only the factual and procedural background relevant to
 Zunum's motion to remand.

1 including a counterclaim seeking a declaratory judgment on the inventorship of Boeing's
 2 Active Voltage Control for Hybrid Electric Aircraft ("Active Voltage") patent. (*See*
 3 *generally* Boeing Ans. (Dkt. # 1-2); *id.* ¶¶ C61-70⁴ (alleging that Zunum's allegations
 4 and discovery responses created "an actual, justiciable controversy concerning the
 5 inventorship" of its Active Voltage and Thin Haul patents); Zunum ROG Resps. (Dkt.
 6 # 1-4).) Boeing and the Safran Defendants removed the suit to federal court the same
 7 day. (*See generally* NOR (Dkt. # 1); *id.* at 9-11⁵ (contending that the court has subject
 8 matter jurisdiction over this case because Boeing's patent declaratory judgment
 9 counterclaim raises a federal question); *id.* at 3-4, 6-9 (arguing that Boeing's patent
 10 declaratory judgment counterclaim is justiciable).) Zunum then moved to remand the
 11 case (*see* 1st Remand Mot. (Dkt. # 26)), but the court denied the motion (*see* 8/17/21
 12 Order at 6-13 (concluding removal by SEP was timely and proper and declining to
 13 consider the parties' remaining arguments regarding "Boeing's counterclaim and when it
 14 first ascertained removability"); *id.* at 11-12 (holding that Boeing's patent declaratory
 15 judgment counterclaim arises under federal law, and thus, gave the court federal question
 16 jurisdiction)).

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19 ⁴ Because Boeing separately numbers the paragraphs in the counterclaim section of its
 20 answer (*see* Boeing Ans. at 63-78) and first amended answer (*see* FAA at 62-80), the court uses
 21 "A" to refer to the paragraphs in the answer section and "C" to refer to the paragraphs in the
 counterclaim section.

22 ⁵ When citing to the parties' pleadings, the court uses the pleadings' internal pagination
 unless otherwise stated.

Boeing then amended its counterclaims to add an additional claim for declaratory relief based on its recently issued Thin Haul Hybrid Electric Propulsion System (“Thin Haul”) patent. (*See* Unopposed Mot. to Amend (Dkt. # 46) at 2-3 (contending that Zunum’s allegations and discovery responses confirmed its intent to challenge Boeing’s inventorship of the Thin Haul patent); 12/20/21 Order (Dkt. # 47); FAA (Dkt. # 48) ¶¶ C71-80; *see also* Zunum Ans. (Dkt. # 49) at 10-14 (“den[ying]” that the named inventors of the Thin Haul patent were in fact its inventors; refusing to “admit” that the Thin Haul patent was “validly issued to Boeing” and was “not the product of fraud or omission, or invented by Boeing or its assignors”; and asserting in its affirmative defenses that both the Thin Haul patent and the Active Voltage patent “do not accurately name the correct inventors”).)

On September 2, 2022, the court granted a motion by counsel for Zunum to withdraw. (*See* 9/2/22 Order (Dkt. # 74).) New counsel appeared for Zunum on October 17, 2022, and Zunum filed the instant motion shortly thereafter. (*See generally* Dkt.; Mot. at 2 (asserting its new counsel “identified [a] jurisdictional defect” requiring remand).)

III. ANALYSIS

Although Zunum styles its motion as a “motion to remand for lack of subject matter jurisdiction under § 1447(c)” (*see generally* Mot.), the court agrees with Boeing’s contention that Zunum’s motion should be analyzed as a motion to dismiss Boeing’s patent declaratory judgment counterclaims under Federal Rule of Civil Procedure 12(b)(1) (*see* Resp. at 5-6 n.1 (noting that the dismissal of such counterclaims would then

1 require the court to remand this action); *see also* Reply at 2 n.1 (acknowledging that its
 2 motion to remand for lack of subject matter jurisdiction is the functional equivalent of a
 3 motion to dismiss for lack of subject matter under Rule 12(b)(1))). *See Leite v. Crane*
 4 *Co.*, 749 F.3d 1117, 1122 (9th Cir. 2014) (noting that a challenge to subject matter
 5 jurisdiction (no matter how styled) is governed by “the Rule 12(b)(1) framework”).⁶
 6 Below, the court sets forth the relevant legal standards before discussing Zunum’s
 7 motion.

8 **A. Relevant Legal Standards**

9 Subject matter jurisdiction is a threshold issue that goes to the court’s power to
 10 hear a case. *Steel Co. v. Citizens for a Better Env’t*, 523 U.S. 83, 94-95 (1998). Federal
 11 Rule of Civil Procedure 12(b)(1) allows a party to seek dismissal of an action for lack of
 12 subject matter jurisdiction. Fed. R. Civ. P. 12(b)(1). When subject matter jurisdiction is
 13 challenged, the party asserting that jurisdiction exists bears the burden of proof. *Vacek v.*
 14 *U.S.P.S.*, 447 F.3d 1248, 1250 (9th Cir. 2006); *see also Benitec Austl., Ltd. v. Nucleonics,*
 15 *Inc.*, 495 F.3d 1340, 1344 (Fed. Cir. 2007) (“The burden is on the party claiming
 16 declaratory judgment jurisdiction to establish that such jurisdiction existed at the time the
 17 claim for declaratory relief was filed and that it has continued since.”).

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 19 ⁶ The court disagrees, however, with Boeing’s contention that the court has already
 20 decided this issue and that Zunum’s motion is thus essentially a motion for reconsideration. (*See*
 21 *Resp.* at 5-6.) In its first remand order, the court did not address whether Boeing’s patent
 22 declaratory judgment counterclaim presented a justiciable case or controversy. (*See* 8/17/21
 Order at 6-13); *Honeywell Int’l Inc. v. Maltseff*, No. C14-0283JLR, 2014 WL 1400993, at *2-3
 (W.D. Wash. Apr. 10, 2014) (addressing federal question jurisdiction and the declaratory
 judgment case or controversy doctrine as two separate issues). Accordingly, the court has not
 decided the issue raised in the current motion to remand.

1 Under the Declaratory Judgment Act (“DJA”), a federal court “may declare the
2 rights and other legal relations of any interested party seeking such declaration, whether
3 or not further relief is or could be sought,” but only “[i]n a case of actual controversy.”
4 28 U.S.C. § 2201(a). The phrase “a case of actual controversy” refers to the types of
5 “cases” and “controversies” that are justiciable under Article III of the Constitution, and
6 thus, within the court’s subject matter jurisdiction. *MedImmune, Inc. v. Genentech, Inc.*,
7 549 U.S. 118, 127 (2007); U.S. Const. Art. III, § 2; *see also Rhoades v. Avon Prod., Inc.*,
8 504 F.3d 1151, 1157 (9th Cir. 2007) (stating that courts must take care to ensure the
9 presence of “an actual case or controversy” in DJA actions, “such that the judgment does
10 not become an unconstitutional advisory opinion”).

11 To determine the existence of a justiciable controversy under the Declaratory
12 Judgment Act, courts must determine “whether the facts alleged, under all the
13 circumstances, show that there is a substantial controversy, between parties having
14 adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a
15 declaratory judgment.” *MedImmune*, 549 U.S. at 127. Moreover, the dispute must be
16 “real and substantial” and “definite and concrete, touching the legal relations of parties
17 having adverse legal interests.” *Id.* If this standard is not met, there “is no case or
18 controversy” and Boeing’s patent declaratory judgment counterclaims “will fail for lack
19 of jurisdiction under Rule 12(b)(1).” *Rhoades*, 504 F.3d at 1157. The dismissal of those
20 claims would, in turn, require the court to remand this action to the King County Superior
21 Court because the court’s subject matter jurisdiction over this action is premised on
22 Boeing’s patent declaratory judgment counterclaims. *See Albingia Versicherungs A.G. v.*

1 *Schenker Int’l Inc.*, 344 F.3d 931, 938 (9th Cir. 2003), *amended on other grounds*, 350
 2 F.3d 916 (9th Cir. 2003) (“[S]ection 1447(c) means that if it is discovered at any time in
 3 the litigation that there is no federal jurisdiction, a removed case must be remanded to the
 4 state court rather than dismissed.”).

5 **B. Whether Boeing’s Patent Declaratory Judgment Counterclaims Are**
 6 **Justiciable**

7 In its patent declaratory judgment counterclaims, Boeing seeks a declaratory
 8 judgment that its employees, affiliates, or associates “are the original and sole inventors
 9 of the inventions disclosed and claimed” in the Active Voltage and Thin Haul patents.
 10 (*See* FAA ¶¶ C70, C79.) Zunum’s central argument is that there is “no ‘live’ controversy
 11 concerning the only federal claims in this case”—i.e., Boeing’s patent declaratory
 12 judgment counterclaims—and thus, the court lacks subject matter jurisdiction over this
 13 action. (*See* Mot. at 1-3.) Zunum argues that because its misappropriation of trade
 14 secrets claim “bear[s] only tangentially on Boeing’s patents—citing them as mere
 15 evidence of misappropriation”—“the threat that Zunum will file an inventorship suit is
 16 purely speculative.”⁷ (*Id.* at 9-10.) It further contends that “Boeing has cited no other
 17 conduct or threats by Zunum that would convert its hypothetical ‘inventorship’ dispute
 18 into a live controversy sufficient to invoke federal court jurisdiction.” (*Id.* at 10.)
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20 ⁷ The parties also dispute whether Zunum’s attempted monopolization claim triggered a
 21 justiciable controversy over patent inventorship. (*See, e.g.*, Resp. at 12-13; Mot. at 15-17.)
 22 Because the court finds Boeing’s reliance on Zunum’s trade secret allegations and discovery
 responses sufficient to resolve the instant dispute, *see infra* Section III.B., the court does not
 consider the parties’ arguments regarding Zunum’s attempted monopolization allegations.

Boeing disagrees. (*See generally* Resp.) It argues that Zunum’s pre-removal “assertions concerning Boeing’s Active Voltage and Thin Haul patents created a case or controversy supporting Boeing’s federal declaratory judgment counterclaims and removal” (*see id.* at 6-14 (explaining why Zunum’s conduct supports its counterclaims and removal)), and that “Zunum’s post-removal conduct confirms that this remains a federal case” (*see id.* at 14-16 (including examples of such conduct)). Boeing also asks the court to award sanctions under 28 U.S.C. § 1927, arguing that “Zunum has ‘unreasonably and vexatiously’ ‘multiplie[d] the proceedings’” by bringing the instant motion. (*Id.* at 23-24 (quoting 28 U.S.C. § 1927).)

The court finds the allegations in Boeing’s patent declaratory judgment counterclaims adequate to establish an actual controversy of sufficient immediacy and reality to warrant the issuance of a declaratory judgment. (*See* Boeing Ans. ¶¶ C61-70; FAA ¶¶ C61-80.⁸) In its patent declaratory judgment counterclaims, Boeing alleges that Zunum’s statements confirm that Zunum is “openly, actively, and adversely challenging the inventorship” of Boeing’s Active Voltage and Thin Haul patents. (*See* FAA ¶¶ C62-68, C72-77 (discussing the relevant trade secret and patent allegations in Zunum’s first amended complaint and Zunum’s discovery responses); *see also id.* ¶¶ C68, C77 (alleging that “Zunum has confirmed that its trade secrets misappropriation

⁸ The allegations in Boeing’s answer, which was the operative pleading at the time of removal and addressed only the Active Voltage patent, are essentially the same, if not exactly the same, as the allegations regarding the Active Voltage patent in Boeing’s first amended answer. (*Compare* Boeing Ans. ¶¶ C61-70, *with* FAA ¶¶ C61-70.)

1 claim turns in part on the question of whether employees, affiliates, or associates of
 2 Boeing are the lawful inventors of the” Active Voltage and Thin Haul patents).)

3 Specifically, Boeing’s counterclaims refer to the allegations in Zunum’s first
 4 amended complaint⁹ that Boeing stole its purported trade secrets and confidential
 5 information and then used that information to obtain Active Voltage and Thin Haul
 6 patents.¹⁰ (See FAA ¶¶ C62, C72, C77; *see, e.g.*, FAC ¶¶ 20, 381-84, 498.) The
 7 counterclaims also refer to Zunum’s response to Boeing’s interrogatories regarding
 8 Zunum’s theory of misappropriation. (See FAA ¶¶ C63-68, C73-76; *see also* Boeing
 9 ROGs (Dkt. # 1-3).) In its response to Boeing’s interrogatories, Zunum stated under oath
 10 that Boeing had “misused” Zunum’s information, including by “deriv[ing]” the Active
 11 Voltage and Thin Haul patents from that information. (Zunum ROG Resps. at 13-14.)
 12 Zunum also asserted that Boeing and its engineers had “misused” Zunum’s information,
 13 concerning the same technology as that covered by the Active Voltage and Thin Haul
 14 patents, in filing the patents. (*Id.*)

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 17 ⁹ The court references the allegations in the first amended complaint, as that was the
 18 operative pleading at the time of removal. (*See generally* Dkt.; NOR.) However, the court notes
 that Zunum’s second amended complaint contains the same allegations referenced in this order.
 (*See* SAC ¶¶ 21, 384-87, 484.)

19 ¹⁰ For example, Zunum alleges that Boeing’s Thin Haul patent “borrows heavily from
 20 Zunum’s ZA10 architecture, which Zunum has yet to disclose publicly, but which Boeing had
 21 access to through its due diligence of Zunum, meetings of Zunum’s Board of Directors, and
 22 other access to Zunum’s confidential information.” (FAC ¶ 381.) Zunum also alleges that
 Boeing’s Active Voltage patent “relates closely to issues addressed by the control system in an
 international patent filed by Zunum in August 2018. A precondition for patent issuance is a
 representation of inventorship, which means that it did not exist previously, and that someone
 else did not invent it.” (*Id.* ¶ 382.)

1 Thus, Zunum’s allegations and discovery responses make clear that it would prove
2 misappropriation, at least in part, by challenging the inventorship of any “patents filed by
3 Boeing units” that “derive from the unique hybrid electric architecture of the Zunum
4 aircraft.” (*Id.* at 13; *see also* FAC ¶¶ 20, 381-84, 498.) In light of the foregoing, the
5 court concludes that the inventorship of the Active Voltage and Thin Haul patents is a
6 “real and substantial” and “definite and concrete” controversy that “touches the legal
7 relations of parties having adverse legal interests.” *MedImmune*, 549 U.S. at 127.

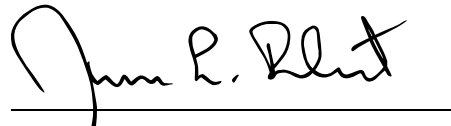
8 In arguing that its “state law misappropriation claim cannot create the
9 ‘controversy’ on which Boeing bases its bid for declaratory judgment,” Zunum relies
10 almost entirely on *Acer Am. Corp. v. Intellisoft Ltd.* (“*Intellisoft I*”), No. 20-cv-08608,
11 2021 WL 1164756 (N.D. Cal. Mar. 26, 2021). (*See generally* Mot.; Reply.) In that case,
12 the district court concluded that the plaintiff’s state law trade secret claim filed against
13 the patentee did not create a controversy regarding patent inventorship because the trade
14 secret claim “did not necessarily raise patent law issues.” *See Intellisoft II*, 2021 WL
15 1164756, at *3 (concluding that the patent DJA claim failed because the patentee failed
16 to point to “some other triggering event that created a ‘reasonable apprehension’ that
17 Intellisoft was going to challenge inventorship under federal patent law”). Although the
18 *Intellisoft II* court set forth the *MedImmune* standard for establishing an actual
19 controversy, it appeared to ultimately resolve the controversy issue by applying the much
20 higher standard for determining whether a state law claim can, by itself, establish federal
21 question jurisdiction—a standard that does not apply in this case. *See id.* For that reason,
22 among others, *Intellisoft II* does not alter this court’s conclusion.

1 In sum, “all of the circumstances” confirm that an “actual controversy” exists as to
2 the patent inventorship issues raised in Boeing’s declaratory judgment counterclaims.
3 *MedImmune*, 549 U.S. at 127. The court also determines that there are no prudential
4 concerns counseling against the exercise of jurisdiction over this case. *See Gov’t*
5 *Employees Ins. Co. v. Dizon*, 133 F.3d 1220, 1225 (9th Cir. 1998). The court therefore
6 DENIES Zunum’s motion to remand this action for lack of subject matter jurisdiction.
7 Additionally, the court DENIES Boeing’s request for sanctions under 28 U.S.C. § 1927
8 (Resp. at 23-24), as it does not find that Zunum “unreasonably and vexatiously”
9 “multiplie[d] the proceedings” by filing the instant motion, 28 U.S.C. § 1927.

10 IV. CONCLUSION

11 For the foregoing reasons, the court DENIES Zunum’s motion to remand (Dkt.
12 # 92) and DENIES Boeing’s request for sanctions under 28 U.S.C. § 1927.

13 Dated this 6th day of December, 2022.

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16 JAMES L. ROBART
17 United States District Judge
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